

CIA Apparently Drops Effort to Sell Airline Under CAB Authority

End of 13 Years' Secret Holding Likely After Decertification Of Southern Air Transport

By a WALL STREET JOURNAL Staff Reporter

WASHINGTON — The Central Intelligence Agency apparently has given up its effort to sell under Civil Aeronautics Board authority a certificated U.S. charter airline it is understood to have secretly owned for the past 13 years. Instead, according to sources close to the case, the CIA probably will complete the proposed sale after the carrier is removed from CAB jurisdiction.

This development came to light as the carrier, Miami-based Southern Air Transport, and its president, Stanley G. Williams, formally asked the CAB to allow them to withdraw their joint application for purchase of Southern by Mr. Williams. Although the CAB held secret hearings on the control case last June, it was reported last August that sufficient evidence existed on the public record to indicate the CIA was the true seller of the airline.

In a separate filing, Southern also petitioned the CAB for cancellation of all its certificates granted by the board and termination of all its CAB exemption authority to provide services that aren't covered by general operating certificates. Southern said it would phase out all its operations conducted under CAB authority by Dec. 31 if the request is granted.

Contract Status Sought

Southern said it would then continue to operate as a "large commercial" air service on a noncertificated basis. In this status, it could provide passenger and cargo transportation under bona fide individual contracts but no longer would be able to furnish flights as a common carrier serving the public under published tariffs.

That status would also enable a transfer of control without CAB involvement. "You can be sure that this means Southern's going to buy back its airline one way or another," said one source close to the airline.

Executive Sessions Planned

A number of competing supplemental, or charter, airlines and several major trunk carriers had challenged the legality of the proposed sale and raised questions about the CIA role in Southern. They contended that control of Southern by the CIA if true, was illegal because of prohibitions against government ownership of U.S. airlines; that awards to Southern of operating certificates while it was under CIA control were illegal and that sale of the airline by the government was illegal.

Despite requirements that the CAB conduct public hearings on control cases involving air-

lines it regulates, CAB Administrative Law Judge Milton Shapiro granted requests from attorneys representing Southern and, allegedly, the CIA that the hearings on the application be held in executive session with all participants sworn to secrecy.

An inquiry on whether transcripts of the hearing will be released, if Southern's withdrawal motion is granted, was referred by a CAB spokesman to Mr. Shapiro, who couldn't be reached immediately.

Southern's actions will permit the CAB "to get off the hook in a ticklish situation," one source said yesterday. Mr. Shapiro hadn't yet issued a recommended decision on the control application, which was filed last March. The usual time span within which such a decision would have been issued has passed, the source commented. The law judge's decision would have been subject to review by the full board.